

**MUNICIPALITY OF METROPOLITAN SEATTLE**  
**King County, Washington**  
**January 1, 1993 Through December 31, 1993**

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**Schedule Of Federal Findings**

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1. Metro Officials Should Meet The "Buy America" Requirements Contained In Its Federal Transit Authority Awards

Metro officials purchased parts from Breda, manufactured in Italy, for use on buses whose operating costs are funded under operating grants received from the Federal Transit Authority (FTA). This practice violates federal requirements for "Buy America" contained in the *Code Of Federal Regulations* (CFR).

CFR Section 661.5 states:

(a) Except as provided in Sections 661.7 and 661.11 of this part, no funds may be obligated by FTA for the grantee project unless all steel and manufactured products used in the project are produced in the United States.

49 CFR Section 660.11 (b) states:

Only domestic end products may be procured with assistance provided by FTA unless the Administrator waives the application of these requirements.

While Metro's 1988 contract with Breda, an Italian manufacturer, for the purchase of buses met "Buy America" requirements, Metro officials did not confirm that the replacement equipment and parts contract would also meet these requirements.

49 CFR Section 660.21 further states:

(c) The grantee shall include in its bid specifications a statement that a waiver from the Buy America provision will be sought if the grounds for a waiver exists.

The Breda equipment and parts contract would qualify for a waiver if Breda would sign a request stating that they cannot meet the "Buy America" requirements. However, Breda has refused to sign the waiver in relation to this contract.

Metro officials contend some of the equipment and parts are not available in the United States and that it is not cost effective to manufacture such equipment and parts in the U.S. due to patent rights and thus they are available only from Breda.

Metro cannot receive a waiver unless Breda requests it and the FTA regional office refuses to grant a waiver without Breda's request. Metro is working with Breda and FTA to come into compliance with this provision.

We recommend Metro officials continue to request Breda obtain the waiver from the Buy

America requirements from FTA for the Breda Construction equipment contract.